

# **INFONAUTICS FINANCIAL NEWS RELEASE, Q1 1998**

## **Infonautics, Inc. Reports Results for First Quarter of 1998**

Infonautics, Inc. (Nasdaq: INFO), a provider of premium online information and custom archive services, today reported revenue of \$2.6 million for the first quarter ended March 31, 1998, up 220 percent from revenue of \$807,000 in the corresponding quarter of 1997.

Infonautics' net loss for the quarter was \$4.7 million, or \$0.49 per share. The net loss for the corresponding quarter of 1997 was \$5.2 million, or \$0.56 per share. Included in the first quarter 1998 loss was \$500,000 related to the resignation of Marvin I. Weinberger as chairman and chief executive officer and the transfer of the company's Electric Schoolhouse project to a separate company headed by Mr. Weinberger.

Usage of the company's Electric Library increased significantly. More than 5.1 million documents were downloaded by customers in this year's first quarter, compared with 1.7 million in the same quarter last year.

Van Morris, president and chief executive officer, said he is pleased with how far the company has come in the last year.

"As we expected, first quarter 1998 revenues were essentially flat compared to the prior quarter, as an increase in educational revenue was offset by a decline in revenue from content management implementation fees," Mr. Morris said. "What's most encouraging is the rise in usage. This shows that our customers are finding increased value in their access to Electric Library, and this will translate into future sales."

The seasonality of Infonautics' school and library business is one reason why first quarter 1998 sales bookings of \$3.8 million were lower than the record \$4.7 million in last year's fourth quarter. Another reason is the fact that two unusually large sales were completed in the fourth quarter including an agreement with a subsidiary of Rogers Communications Inc. for exclusive distribution of a Canadian version of Electric Library to be launched in the second quarter of 1998.

Total costs and expenses were \$7.4 million in this year's first quarter, compared with \$6.7 million in the final quarter of 1997. The increase resulted almost entirely from the \$500,000 in expense related to Mr. Weinberger's resignation and the transfer of Electric Schoolhouse project mentioned above.

As of March 31, Infonautics had licensed its Electric Library online reference service to more than 5,800 schools and libraries. The number is 16 percent larger than the total as of the end of 1997. The company had more than 50,000 end-user subscribers as of March 31, 1998. This includes active paying individual subscriptions to the Electric Library and Homework Helper services.

Mr. Morris stated that net cash used in operating and investing activities amounted to \$5.5 million in this year's first quarter, compared with \$2.3 million in the fourth quarter and \$5.1 million in the first quarter of 1997. The increase was in part the result of the fact that in this year's first quarter Infonautics made its first payment to America Online under an agreement that will put Electric Library on the main screens of AOL's WorkPlace and Research & Learn channels.

Infonautics had a cash and investment balance of \$7.5 million at March 31, 1998, compared with \$13.0

million at December 31, 1998. Current assets totaled \$10.8 million as of March 31, 1998 (versus \$15.1 million one quarter earlier) and total assets were \$14.4 million (versus \$18.8 million one quarter earlier).

### **About Infonautics**

Infonautics, Inc. provides premium online information and custom archive services for consumers and creators of quality content. The Company's flagship reference service, ELECTRIC LIBRARY, is available through the Internet at <http://www.electrictlibrary.com> and <http://www.education.elibrary.com>) and consumer online services, and is marketed to consumers, educational institutions and libraries. The Company also offers HOMEWORK HELPER to individuals and families through the Prodigy Classic online service. Infonautics' core technology product, ELECTRONIC PRINTING PRESS (EPP), is used by major publishers through Infonautics' turnkey digital archive hosting system, EPP-DIRECT. Infonautics was founded in November 1992 and is headquartered in Wayne, Pa.

To receive additional information on Infonautics, via fax at no charge, dial 1-800-PRO-INFO and enter code INFO.

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(Financial tables follow)

This news release contains, in addition to historical information, forward-looking statements that involve risks and uncertainties. These forward-looking statements include statements regarding the Company's growth and expansion plans and the sufficiency of the Company's liquidity and capital. Such statements are based on management's current expectations and are subject to a number of uncertainties and risks that could cause actual results to differ materially from those described in the forward-looking statements. More information about potential factors which could affect the Company's financial results is included in the Company's annual report on Form 10-K for the year ended December 31, 1997, which is on file with the Securities and Exchange Commission.

### **INFONAUTICS, INC. SUMMARY FINANCIAL DATA**

	Three Months Ended March 31,	
	1998	1997
<b>Statement of Operations Data:</b>		
Total revenues	\$2,584,000	\$807,000
Total costs and expenses	\$7,364,000	\$6,367,000
Loss from operations	\$(4,780,000)	\$(5,560,000)



	1998	1997
<b>Balance Sheet Data:</b>		
Cash, cash equivalents and investments	\$4,679,000	\$12,997,000
Working capital	\$(2,745,000)	\$7,163,000
Total assets	\$13,701,000	\$18,794,000
Long-term debt, less current portion	\$135,000	\$404,000
Total shareholders' equity (deficit)	(\$2,424,000)	\$10,460,000

December 31, 1998	December 31, 1997
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<b>Balance Sheet Data:</b>		
Cash, cash equivalents and investments	\$3,268,000	\$12,997,000
Working capital	\$(5,563,000)	\$7,163,000
Total assets	\$10,192,000	\$18,794,000
Long-term debt, less current portion	\$47,000	\$404,000
Total shareholders' equity (deficit)	(\$3,298,000)	\$10,460,000